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RUCNIRA/IRAN COLLECTIVE IMMEDIATE
RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 6162
RUEHBS/AMEMBASSY BRUSSELS IMMEDIATE 0527
RUEHKA/AMEMBASSY DHAKA IMMEDIATE 2506
RUEHIL/AMEMBASSY ISLAMABAD IMMEDIATE 3418
RUEHBUL/AMEMBASSY KABUL IMMEDIATE 0374
RUEHNE/AMEMBASSY NEW DELHI IMMEDIATE 2348
RUEHUL/AMEMBASSY SEOUL IMMEDIATE 2628
RUEHKO/AMEMBASSY TOKYO IMMEDIATE 3315
RUEHUM/AMEMBASSY ULAANBAATAR IMMEDIATE 0718
RUEHCI/AMCONSUL CALCUTTA IMMEDIATE 0001
RUEHCG/AMCONSUL CHENNAI IMMEDIATE 0509
RUEHBI/AMCONSUL MUMBAI IMMEDIATE 0892
RHMFISS/DEPT OF ENERGY WASHINGTON DC IMMEDIATE
RUEHIN/AIT TAIPEI IMMEDIATE 1537
RHEHNSC/NSC WASHDC IMMEDIATE
RUEHUNV/USMISSION UNVIE VIENNA IMMEDIATE 0028
RUEHNO/USMISSION USNATO IMMEDIATE 0023
RUEHGV/USMISSION GENEVA IMMEDIATE 2198

C O N F I D E N T I A L SECTION 01 OF 03 MANILA 002601

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E.O. 12958: DECL: 08/08/2027
TAGS: [ASEAN](#) [ETRD](#) [PREL](#) [PARM](#) [TSRL](#) [KNNP](#) [ETTC](#) [ENRG](#) [TRGY](#)
AF, IR, PK, IN, RP
SUBJECT: THE DEPUTY SECRETARY'S MEETING WITH INDIAN EAM
PRANAB MUKHERJEE

MANILA 00002601 001.2 OF 003

Classified By: Deputy Secretary Negroponte, reasons 1.4 c, d

¶1. (C) Summary: The U.S.-India relationship has entered a "new stage" in the post-123 Agreement era, Deputy Secretary Negroponte and Indian External Affairs Minister (EAM) Pranab Mukherjee agreed in an August 1 meeting on the sidelines of the ASEAN Ministerial in Manila. Addressing Indian concerns about support for the U.S.-India nuclear deal in Congress, the Deputy Secretary reaffirmed U.S. commitment to work with Congress to bring the deal to a conclusion, hopefully by the end of this year. He emphasized our desire to continue our dialogue with India on a broad range of issues, but cautioned against "conducting business as usual" with Iran, particularly on the proposed Iran-Pakistan-India gas pipeline. Mukherjee expressed concern over Iran, comparing it to a bomb that would either detonate or be diffused, and suggested that international engagement, especially through the IAEA, would be the best way to proceed. We need an "out-of-the-box solution" to the problem of Iran, he emphasized. End Summary.

BEYOND THE NUCLEAR DEAL

¶2. (C) Welcoming the post-123 Agreement era as a "new stage" in the U.S.-India relationship, Indian External Affairs Minister Pranab Mukherjee expressed gratitude to the U.S. for taking "extra care and responsibility" in shepherding the deal, in an August 1 meeting with Deputy Secretary Negroponte on the sidelines of the ASEAN Ministerial. The Deputy Secretary responded that the U.S. looks forward to continuing

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our dialogue with India on many subjects, and noted that the nuclear agreement is just one indication of the positive direction in which the relationship is moving.

13. (C) Mukherjee expressed some concern about how the nuclear deal would fare in Congress, asking the Deputy Secretary whether there would be a "stiffening of positions"

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in light of the upcoming U.S. presidential elections. He asked what steps the USG planned to take in order to maintain bipartisan support for the deal in Congress during an election year.

14. (C) The Deputy Secretary emphasized that India has "the full support" of the President, Secretary and entire Executive Branch. "I assure you that we will work with Congress to get this done," he reiterated, noting the nuclear deal would not come before Congress until India had reached an agreement with the Nuclear Suppliers Group (NSG) for an "India exception," and with the IAEA on nuclear reprocessing safeguards. Once India reaches an agreement with the NSG and IAEA it will be easier to make the case to Congress, he said, adding that we hope this is concluded by the end of this year.

15. (C) Mukherjee welcomed U.S. assistance, observing that since the NSG is a large group, there will likely be "a divergence of opinions." India is eager to ensure that the guidelines are amended so that the "complete benefit" of the nuclear deal can be achieved, he said.

IRAN: "NO PROGRESS" ON GAS PIPELINE

16. (C) Cautioning Mukherjee that "there will be attention" on India's relationship with Iran, the Deputy Secretary noted that the proposed Iran-Pakistan-India gas pipeline would be a "problematic factor in U.S. policy."

MANILA 00002601 002.2 OF 003

17. (C) Responding to these concerns, Mukherjee downplayed plans for the pipeline, stating that "apart from discussions about the price of gas that would come through the pipeline, there has been no other progress." There are "lots of stages to overcome" before the pipeline becomes a reality, he emphasized, musing that "no one knows what the final outcome will be."

18. (C) Mukherjee explained that Iran had quoted a price at which they would be willing to sell gas at the Pakistan-Afghanistan border. India's understanding was that Pakistan would then add a fee to cover the transit over its territory, based on 'normal business considerations,' he said. India then learned that Pakistan planned to levy additional charges on top of the cost of transit. Mukherjee reiterated that India was only considering the prices proposed by Iran and Pakistan and had not yet agreed to anything. "A group of experts" is currently examining the pricing issue, and exploring possible funding arrangements with international financial institutions should the project move forward, he stated.

19. (C) Responding to these remarks, the Deputy Secretary again cautioned India on "business as usual with Iran," describing Tehran as an "across-the-board adversary in the Middle East." An emboldened Iran has moved ahead with nuclear enrichment in violation of their international commitments under the NPT and Security Council resolutions, he continued. They are doing everything to frustrate the possibility of Middle East peace, supporting extremist groups in Lebanon, Gaza, and Afghanistan, and it would be through this lens that Congress would view India's relations with Iran.

¶10. (C) Describing Iran's behavior as a "source of concern," Mukherjee noted that India has "made it abundantly clear" that Tehran must uphold its obligations under the NPT. India is not a signatory to the NPT but has voluntarily accepted some of the NPT obligations, he stated, reiterating that India has "no quarrel" with the objectives of non-proliferation. He added that India has urged Tehran to comply with Security Council resolutions as well, but "we have not been able to soften their attitude." He said he had also raised New Delhi's concerns with his counterparts at the Asia Europe Meeting (ASEM) in Hamburg in May 2007, while at home, India's relationship with Iran has been a subject of debate in Parliament. Highlighting India's strategic interests in Iran's neighborhood, Mukherjee stated that two-thirds of India's petroleum requirement comes from Iran, that "we have civilizational ties with them," and that 4.5 million Indians live in the Middle East, making peace and stability in the region a matter of importance.

IAEA "APPROPRIATE AUTHORITY" TO ENGAGE IRAN

¶11. (C) Comparing Iran to a bomb, Mukherjee observed that "an explosive state cannot remain forever -- it either needs to be defused, or there is a danger that it will explode at any moment." So far, no one has been able to find a way to move forward, he said, arguing that there is "no question of finding a resolution through bilateral or trilateral discussions." He emphasized that we must think collectively about how to avoid a crisis with Iran and identified the IAEA as the appropriate authority to engage Iran on its obligations, and as the best forum for these issues to be discussed. Mukherjee stated that we need an out-of-the-box

MANILA 00002601 003.2 OF 003

solution from the international community to address issues of global concern, like Iran as well as securing the Malacca Strait. These issues are best resolved collectively, he said, adding that some countries may give advice while others must take tough positions.

AFGHANISTAN

¶12. (C) Mukherjee expressed concern over the activities of the Taliban in Afghanistan, stating that Taliban actions have disrupted India's various humanitarian projects there. Recalling the 2005 kidnapping and murder of three Indian contractors working on a portion of the Zaranj-Delaram road, and the recent deaths of South Korean hostages, he noted that the Taliban is not sparing anyone. Mukherjee also highlighted Indian activities in Afghanistan, underlining India's construction of two roads, the Parliament building, and a transmission line, as well as distribution of enriched biscuits to over 1 million children. India's financial contribution to the reconstruction of Afghanistan totals more than USD 750 million, he reported. Finally, Mukherjee noted with concern the apparent rise in terrorism in the region since 9/11, both in Afghanistan and in Pakistan. Since the recent Red Mosque operation, Pakistan has seen a suicide bomb attack nearly every day, he said.

¶13. (U) August 1, 2007; 1000-1030; Manila, Philippines.

¶14. (U) Meeting Participants:

U.S.
Deputy Secretary of State John Negroponte
Kaye Lee, Special Assistant to the Deputy Secretary
Ted Wittenstein, Special Assistant to the Deputy Secretary
Siriana Nair, Notetaker

INDIA
External Affairs Minister Pranab Mukherjee
¶N. Ravi, Secretary (East)

K C Singh, Additional Secretary (IO)
Rajeet Mitter, Ambassador to the Philippines
Biren Nanda, Joint Secretary (South)
Vikram Misri, Director (EAMO)
Pradeep Gupta, Minister's Office
Tsewang Namgyal, Notetaker

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